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FUR LABELING

FEBRUARY 5 (legislative day, JANUARY 29), 1951.—Ordered to be printed

Mr. JOHNSON of Colorado, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany S. 508]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (S. 508) to protect consumers and others against misbranding, false advertising, and false invoicing for fur products and furs, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

Fur-labeling legislation has been the subject of extensive House and Senate committee hearings dating back to 1947. With two exceptions, S. 508 is identical to H. R. 5187 of the Eighty-first Congress. The House Committee on Interstate and Foreign Commerce held lengthy hearings in May 1949, and your committee conducted full and complete hearings on that bill in August and September 1949, receiving testimony from all interested parties, Government witnesses, and various segments of the fur industry. Every provision of the bill herewith reported by unanimous vote of your committee has been subjected to searching analysis and discussion in the public hearings that were held on fur-labeling legislation during the Eightieth and Eighty-first Congresses. Following public hearings in 1949, H. R. 5187 was reported favorably by unanimous vote of the House committee, the Rules Committee granted a rule on the legislation, and it passed the House without objection. Following public hearings before your committee in 1950, H. R. 5187 was reported favorably by unanimous committee vote on August 23, 1950, and was on the Senate Calendar when Congress adjourned.

This bill has a twofold purpose: (1) To protect consumers and scrupulous merchants against deception and unfair competition resulting from the misbranding, false or deceptive advertising, or false invoicing of fur products and furs, and (2) to protect our domestic fur producers against unfair competition.

Generally speaking, this bill is modeled after the Wool Products Labeling Act of 1939, which, incidentally, is now widely acclaimed

although it was bitterly opposed by some segments of the industry at the time of its enactment. The bill requires mandatory labeling of fur articles of wearing apparel and invoicing of furs moving in interstate or foreign commerce to show the name of the animal that produced the fur, the country of origin, and when such is the case the fact that the garment contained used fur or that the furs are bleached or dyed or that the fur product is composed of inferior pieces such as paws, tails, bellies, or waste fur. It further requires that when fur products or furs are advertised in commerce such important facts shall be truthfully stated. Section 7 provides for the establishment and maintenance by the Federal Trade Commission, in cooperation with the Agriculture and Interior Departments, of a Fur Products Name Guide setting forth the true English names, or other appropriate animal names, to be used in labeling, invoicing, and advertising the respective furs from various animals. The bill further provides that these facts must be truthfully disclosed when fur products or furs are advertised in commerce.

While the legislation requires mandatory labeling of fur articles, in order to prevent unnecessary hardship and to aid the various segments of the industry that handle the article before it reaches the ultimate consumer, section 3 permits the substitution of labels. Under this section any wholesaler, for example, may substitute his own label for that of the manufacturer, subject, of course, to the affirmative requirements of the statute.

Although a product of nature, fur when offered and sold to the buying public often has had its natural appearance materially changed by processing and dyeing. While the dyeing or processing may improve the outward appearance of the product, it is usually done for the purpose of giving the article the appearance of being a fur of a higher quality or grade than it actually is, or for the purpose of imitating the more costly fur of an entirely different animal. Consequently, it is difficult and generally impossible for the American housewife to know what she is buying unless reliable factual information is disclosed to counteract the impression left with her as a result of the deceptive condition of the particular fur article of wearing apparel. When muskrat, for example, is dyed and processed to have the appearance of mink, the resemblance of the imitation to the genuine is so close as to be most deceptive in the absence of truthful disclosure revealing that fact that it is not mink but muskrat. In like fashion, rabbit is dyed and processed to imitate seal and many other furs. It was brought out at the hearings before your committee that rabbit fur has been sold under 50 other names, none of which revealed the fact that the fur actually was rabbit. During the hearings on this legislation the Federal Trade Commission introduced into the record a sampling of fur advertisements that appeared in newspapers throughout the country in 1949. This list, which comprised some 200 advertisements and which appears in the printed hearings at pages 41-47, demonstrates clearly the misleading and deceptive advertising which this legislation seeks to prevent.

Your committee believes that this legislation will contribute substantially to the stability and well-being of our growing fur-trade industry. According to testimony adduced at the hearings, the value of wild furs in 1948 totaled \$82,000,000. Farm-raised furs had a value of \$36,000,000. More than \$162,000,000 worth of raw fur was im-

ported, making a total of \$281,000,000 in domestic and imported furs. The retail value of furs used in this country in 1948 was estimated at \$700,000,000.

The fur farmers of this country are wholeheartedly in favor of this legislation. They must have the protection it will afford them if they are to continue to provide the consumer with quality furs at the lowest possible price. The producers of fine merchandise are the ones who suffer when unscrupulous merchants indulge in false and misleading labeling and advertising practices. If our domestic fur industry is to be successful, it must produce first-quality fur animals and have the fur identified by its true name.

The enforcement provisions of this legislation closely follow those of the Wool Products Labeling Act; and, like that act, this bill will be administered by the Federal Trade Commission. In a letter to the chairman of your committee, which is set forth in full below for the information of the Senate, the Federal Trade Commission recommends the enactment of S. 508 and states:

The administration of the proposed statute lends itself to be readily integrated with the Commission's duties under the Wool Products Labeling Act. With such in mind, its administration and enforcement would be considerably more economical than otherwise possible. Under such condition it is estimated that the cost of administering the act on a fiscal-year basis would approximate \$75,000.

The bill also has the approval of the Department of Agriculture, the Department of Commerce, and the Bureau of the Budget and has been cleared with the Treasury, Interior, and Justice Departments and the General Accounting Office.

The Secretary of Commerce, in a letter endorsing the objectives of this legislation, stated:

Protection afforded manufacturers and consumers by the Wool Products Labeling Act of 1939 offers a cogent argument for the adoption of legislation to afford similar protection for manufacturers and consumers against similar unfair or deceptive acts or practices in the fur industry.

Your committee believes that this legislation is in the public interest and should be enacted into law. As stated by Representative Joseph P. O'Hara, of Minnesota, author of the companion House bill, when he appeared last year before your committee and urged the enactment of fur-labeling legislation:

The effect of this bill will be to require honest, fair labeling and honest advertising, and will afford protection of a very substantial character, not only to the buying public but also to the industry and trades engaged in the fur business.

SECTION-BY-SECTION ANALYSIS OF THE BILL

Section 1 provides a short title for the act: "Fur Product Labeling Act."

Section 2 contains definitions of various terms used in the bill.

Section 3 makes unlawful the manufacture for introduction into commerce or the sale, advertising, or transportation in commerce of fur products which are misbranded or falsely or deceptively advertised or invoiced. The manufacture for sale, advertising, or transportation of any fur product which is made in whole or in part of fur which has been shipped and received in commerce and which is misbranded or falsely or deceptively advertised or invoiced is declared unlawful. The introduction into commerce or the sale or trans-

portation in commerce of any fur which is falsely or deceptively advertised or invoiced is made unlawful. Section 3 further provides that it shall be unlawful to remove or mutilate any label required by the bill, but any person handling a fur product in commerce may affix a substitute label to the product, but in such event he must keep a record showing the information set forth on the label that he removed and the name or names of the person or persons from whom he received the fur product. Section 3 (f) exempts common and contract carriers from the provisions of the bill.

Section 4 relates to the misbranding of fur products and provides that a fur product shall be considered to be misbranded (1) if it is falsely or deceptively labeled or identified or if the label contains any form of misrepresentation or deception; (2) if the label does not contain the name of the animal that produced the fur, the fact that the fur product contains used fur or is composed of bleached, dyed, or otherwise artificially colored fur, or is composed in whole or in part of paws, tails, bellies, or waste fur, when such is the fact; or (3) if the label required by this section contains the name of any animal other than the name of the animal that produced the fur.

Section 5 relates to the false advertising and invoicing of fur products and furs and follows closely the language of section 4.

Sections 4 and 5 also provide that labels, advertisements, and invoices must show the country of origin of the fur. This brings the bill into conformity with the requirements of existing law that products imported into the United States must be marked to show the country of origin so purchasers may know from whence such goods came and have the information to guide them when choosing their purchases. This provision should aid materially in putting an end to the practice of representing that the fur originated in a particular country when such is not true; will close the door to the possibility of the furs of one country being passed off for those of another; and will effectively check types of advertising, invoicing, and labeling which by implication are calculated to mislead one as to the habitat of the animal, a matter regarded by many consumers as having considerable bearing on the quality and character of furs.

Section 6 deals with imported fur products and furs. Any person who falsifies an invoice of declaration or otherwise fails to comply with the requirements of this act may be prohibited by the Commission from importing furs or fur products except under certain conditions. In addition, the Secretary of the Treasury may, under rules and regulations to be established by him, require a manufacturer, producer of, or dealer in imported furs and fur products to file a statement showing the information required by the provisions of this act.

Section 7 provides for the establishment of a Fur Products Name Guide within 6 months after the enactment of this act. The Department of Agriculture and the Department of the Interior are required to assist in its preparation. The guide is to contain the names of hair, fleece, and fur-bearing animals; only the true English names of the animals shall be used; or, if there is no true English name for an animal, then the name by which the animal can be properly identified

in the United States. The Commission may from time to time, after holding public hearings, add to or delete from such Fur Products Name Guide register the name of any hair, fleece, or fur-bearing animal. If the name of an animal connotes a geographical origin or significance other than the true country or place of origin, the Commission may require that when such name is used it shall be accompanied by a qualifying statement so as to eliminate any possible deception or confusion.

Section 8 places enforcement of the act in the Federal Trade Commission under rules and regulations to be prescribed by it.

Section 9 provides for injunction and condemnation proceedings where the other remedies provided in the act are not sufficient.

Section 10 provides for the establishment of guaranties which may be separate or continuing. The separate guaranty may be on the invoice or other paper relating to the fur product or fur; the continuing guaranty must be filed with the Commission and it may cover any fur product or fur handled by the guarantor. A person relying in good faith on such guaranty shall not be guilty under section 3 of the act.

Section 11 is the criminal-penalty section, applicable to willful violation of the act.

Section 12 relates to the application of existing law.

Section 13 is the usual separability provision.

Section 14 provides that this act shall take effect 1 year after the date of its enactment.

FEDERAL TRADE COMMISSION,
Washington, January 23, 1951.

Hon. EDWIN C. JOHNSON,
*Chairman, Committee on Interstate and Foreign Commerce,
United States Senate, Washington, D. C.*

MY DEAR MR. CHAIRMAN: This is with further reference to your letter of January 17, 1951, enclosing a copy of S. 508, Eighty-second Congress, first session, entitled "A bill to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs," introduced in the Senate of the United States on January 16, 1951, and requesting such comments thereon as the Commission may desire to make. In response thereto, I wish to advise that the bill has been carefully examined and the following comment is submitted by the Commission for the information of your committee.

The bill is generally modeled after the Wool Products Labeling Act of 1939. Its general objective is to protect consumers and scrupulous merchants against deception and unfair competition resulting from the misbranding, false or deceptive advertising, or false invoicing of fur products and furs, and to protect domestic fur producers against unfair competition.

The proposed legislation requires mandatory labeling of fur articles of wearing apparel and invoicing of furs moving in interstate or foreign commerce to show the name (as set forth in the Fur Products Name Guide) of the animal that produced the fur, and when such is the case the fact that the garment contained used fur or that the furs are bleached or dyed or that the fur product is composed of inferior pieces such as paws, tails, bellies, or waste fur. The name of the country of origin of any imported furs used in fur products must also be shown. It further requires that when fur products or furs are advertised in commerce that such important facts also be truthfully disclosed. The proposed legislation makes subject to its provisions not only those marketing fur products in interstate commerce, but those marketing fur products made in whole or in part of fur which has been shipped and received in commerce. The use of substitute labels is also provided for by those subject to the affirmative requirements of the bill.

In addition, the bill provides for the establishment and maintenance by the Federal Trade Commission, with the assistance and cooperation of the Departments of Agriculture and Interior, of a Fur Products Name Guide setting forth the true English names, or other appropriate animal names, to be used in labeling,

invoicing, and advertising the respective furs from various animals. The bill further provides for administration by the Federal Trade Commission in accordance with administrative procedure long operative in Commission work under comparable statutes, namely, the Federal Trade Commission Act and the Wool Products Labeling Act. It also provides for temporary injunctive relief as well as for actions in rem for seizure of misbranded fur products and furs which are in violation of the act. Separate or continuing guaranties are provided for where desired, for the protection of subsequent resellers. The use of false guaranties is declared unlawful. Together with the provisions for administrative enforcement by the Commission, the bill also provides for misdemeanor proceedings in district courts on behalf of the United States against willful violators of its provisions. The administrative enforcement provisions incorporated in the bill are of the type customarily found advisable and appropriate in legislation of this character and experience has proven such procedure most effective and of the type least burdensome.

Need for the proposed legislation is predicated upon the ever-increasing number of foreign names and fictitious designations used in advertising and in describing fur products and furs, which designations often appear quite confusing and misleading to potential purchasers as to the kind and quality of fur being offered for sale.

The proposed legislation would not only protect the consumer against such inroads of deception and false and misleading advertising, but would also afford protection to our domestic infant fur-farming industry that it may be shielded from unscrupulous competition arising out of the use of false and glamorized designations for cheap imported furs.

While furs are natural products they are peculiarly susceptible to dyeing and other manipulation and processing which tend to change their appearance. Such manipulations are commonly undertaken for the purpose of simulating more expensive furs in appearance. This practice makes it easily possible for the purchasing public to be misled and deceived and the bill under consideration will go far toward protecting the unsuspecting consumers and dealers.

The bill goes considerably further in providing public protection in connection with the fur industry than appears possible under existing law and the Commission's Trade Practice Rules for the Fur Industry, two copies of which are enclosed herewith. While the operation of the trade practice rules has afforded the public and business a material measure of protection, the bill would make it possible to effect even a wider and more thorough and complete protection. Thus, it is believed that the objectives of the bill would provide a valuable supplement to existing authority.

In view of the circumstances and prevailing conditions in the fur industry, it is believed that legislation of the type provided by the bill under consideration would be beneficial and in the public interest.

The administration of the proposed statute lends itself to be readily integrated with the Commission's duties under the Wool Products Labeling Act. With such in mind, its administration and enforcement would be considerably more economical than otherwise possible. Under such condition it is estimated that the cost of administering the act on a fiscal-year basis would approximate \$75,000.

The Commission wishes to advise that members of its staff who are fully acquainted with the provisions of the bill will be available for any services they may be able to render the committee.

By direction of the Commission.

Sincerely yours,

JAS. M. MEAD, *Chairman.*

N. B. Pursuant to regulations, the Commission contacted the Bureau of the Budget on January 23, 1951, with respect to this report, and was advised orally by the Bureau of the Budget on the same date that there would be no objection to the submission of the report to the committee.

JAS. M. MEAD, *Chairman.*